MID-POINT REVIEW

FOR

BOEING COMPUTER SERVICES

STRATEGY REVIEW

July 3, 1985

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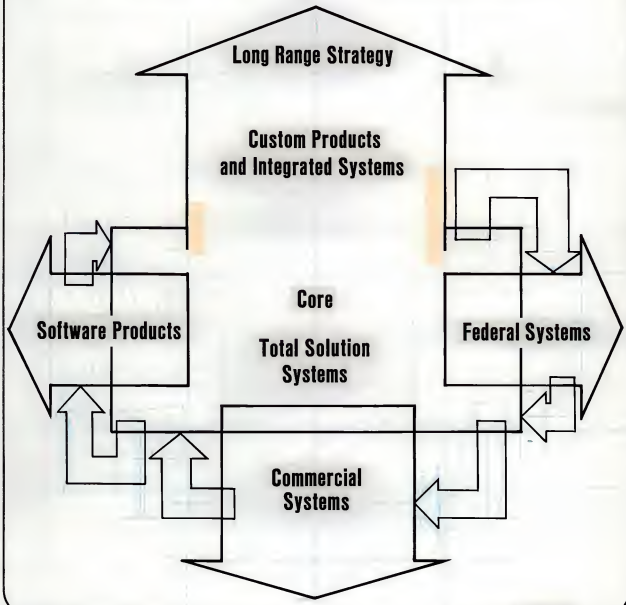
BOEING LONG-RANGE STRATEGY

- Boeing will intercept the emerging demand in very large organizations for "total solution systems" that require distributed workstations, major software development, network design and management and sophisticated project management.

- Boeing's focus is to serve the Processing FM and Professional Services needs of the Federal Government and other very large target industries, primarily manufacturing, communications and energy.

- BCS will employ strategic partnering and acquisitions to complement its existing strengths in the target industries.

LONG-RANGE STRATEGY DEVELOPS FROM THE CORE STRATEGY



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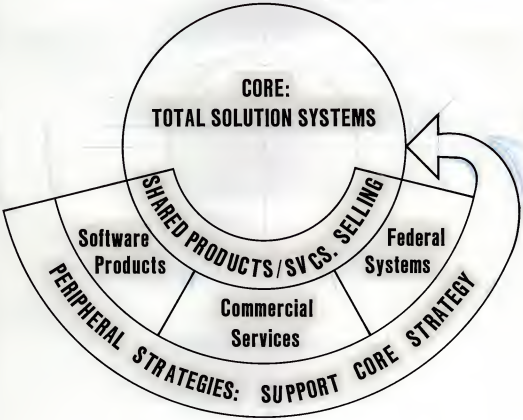
CURRENT MARKET STRATEGY



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IDENTIFIED COMPETITION

COMPETITOR	BUSINESS AREA							
BOEING	Fed.	E&S	Ergy.	Mfg.	Major Sys.	Fed. Sys.	Soft-ware	Ed.
EDS	X					X		
CDC	X	X	X	X				
MMDS	X			X		X		
CSC	X					X		
McAUTO		X		X				
IBM	X			X			X	
PRC						X		
COMSHARE							X	
IRI							X	
EXECUCOM							X	
ASK							X	
Hewlet-Packard							X	
CULLINET							X	
Western Data							X	
ADR							X	
INTECH							X	
PHOENIX								X
OTHER								
MITRE	X					X		
GEISCO				X				
AT&T								

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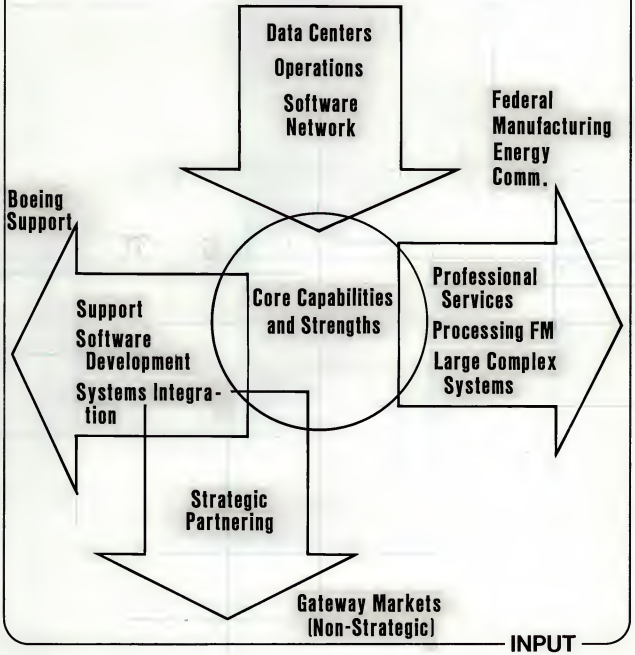
BUSINESS UNIT MEASUREMENT

SPECIFIC COMPETITORS	BUSINESS UNIT			
	COMMERCIAL SERVICES	FEDERAL SYSTEMS	SOFTWARE PRODUCTS	
Total				
Growth				
Boeing Growth				
Boeing Share This Period				
Prior Period				
General Competitors				
Growth				
Boeing Growth				
Boeing Share This Period				
Prior Period				
Competition by VFW Data				
VFW Growth				

LINE OF BUSINESS
PRODUCT/SERVICE MEASUREMENTS

SPECIFIC COMPETITORS	PRODUCT/SERVICE			
Total				
Growth				
Boeing Growth				
Boeing Share This Period				
Prior Period				
General Competitors				
Growth				
Boeing Growth				
Boeing Share This Period				
Prior Period				
Competition by VFW Data				
VFW Growth				

LONG RANGE STRATEGY



INTERIM OBSERVATIONS

- Strategy
- Boeing Commitment
- Organizational Structure
- Image

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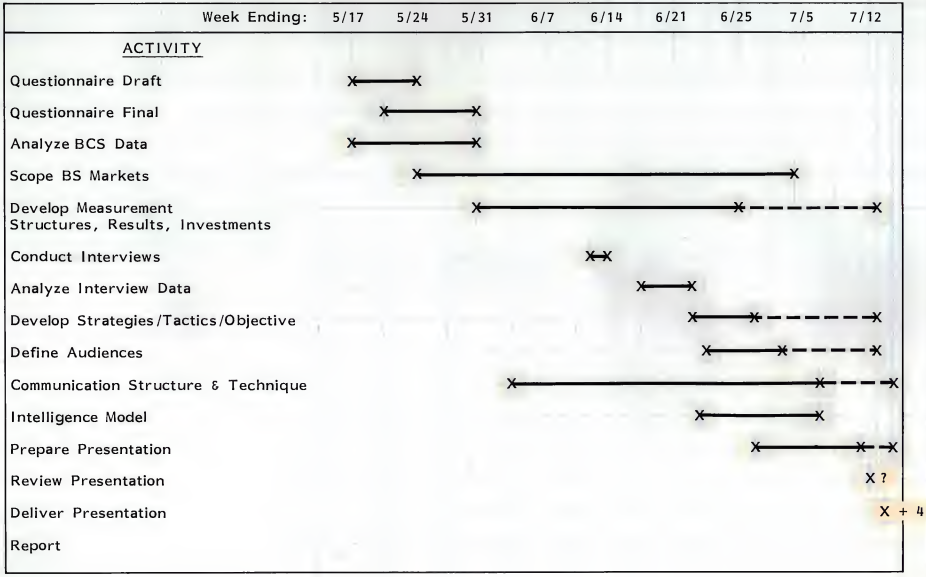
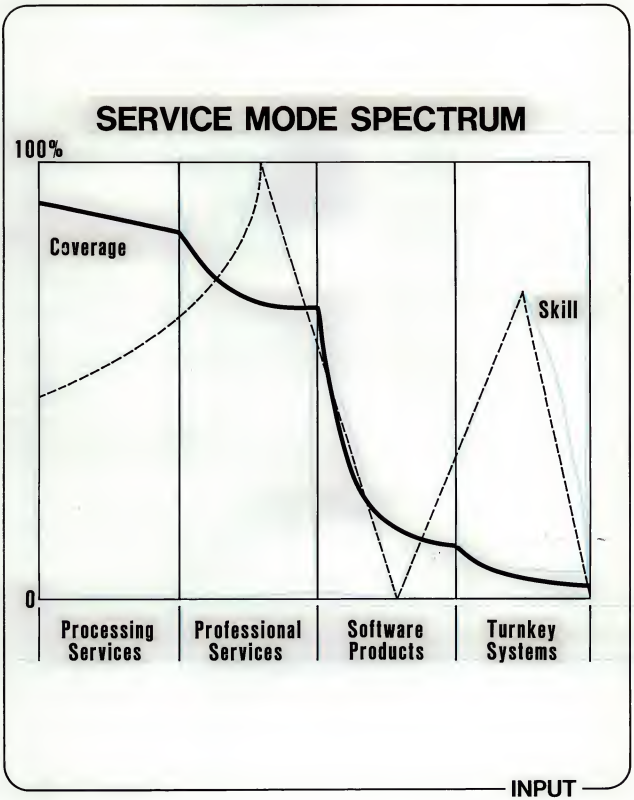
PROJECT SCHEDULE




SERVICE MODE SPECTRUM
100%
0
Coverage
Skill
Processing Services
Professional Services
Software Products
Turnkey Systems
INPUT

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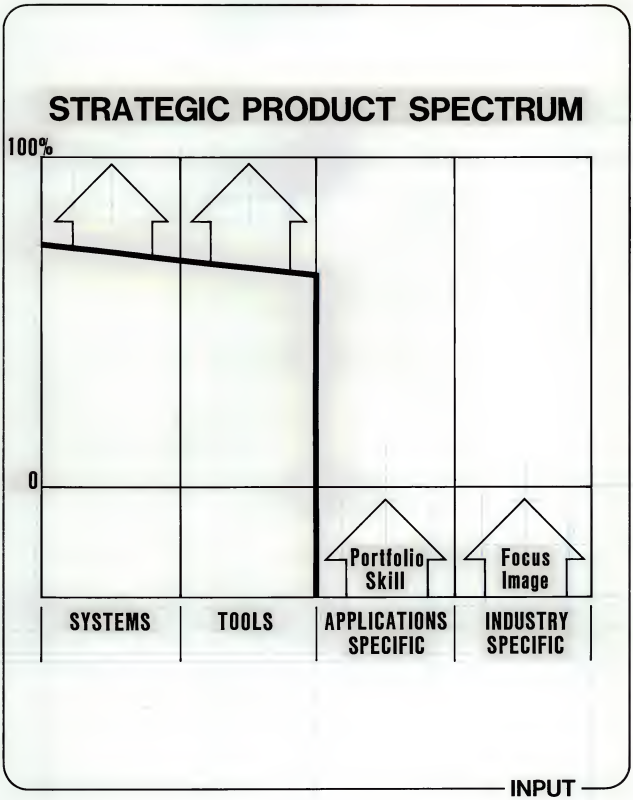
STRATEGIC PRODUCT SPECTRUM
100%
0
Portfolio
Skill
Focus
Image
SYSTEMS
TOOLS
APPLICATIONS
SPECIFIC
INDUSTRY
SPECIFIC
INPUT

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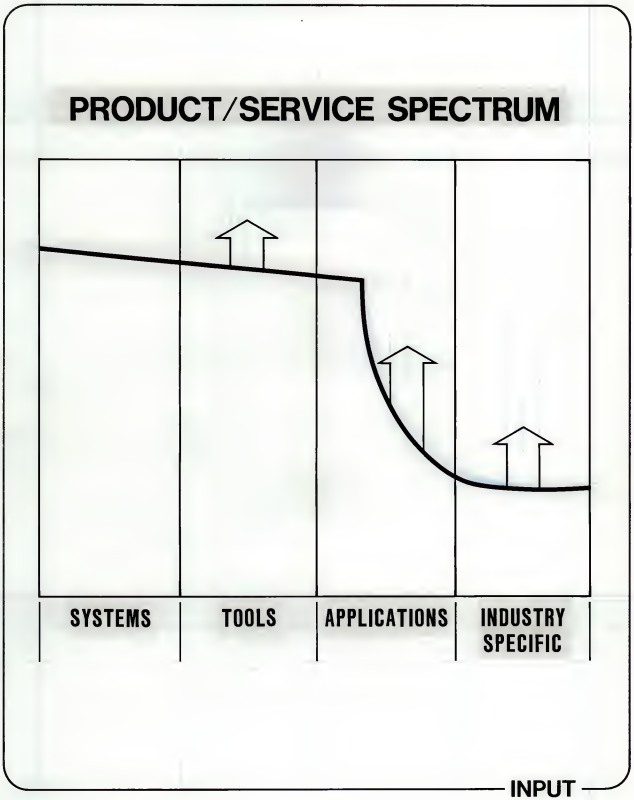
PRODUCT/SERVICE SPECTRUM
SYSTEMS
TOOLS
APPLICATIONS
INDUSTRY SPECIFIC
INPUT

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MARKET SCOPING

- MAP to Measurements
- Create Detailed Approach
  - Model Existing Products, Product Competition, Industry/Cross Industry Sectors, Geographic Mix and Coverage
  - Track/Measure Performance to Current Addressable Market
    - Excludes Geography not Covered
    - Only Product/Service Specific
- Create Scope by Target Accounts Expenditures for Boeing Related Products/Services
  - Requires Very Focused Selling and Positioning
- Hybrid of the Above

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BOEING LONG RANGE STRATEGY

BCS will position itself as a provider of high quality, large scale, complex systems. underpinned by customer satisfaction, service and support; thus leveraging its strengths of competing for, winning and executing complex systems projects. BCS will also leverage strengths derived from its internal information system.

BCS will participate in the commercial market for growth, profit and competitive technology transfer. BCS will continue to be a leader in its internal information systems to grow its systems business and to maintain a competitive edge in the Boeing Company's basic manufacturing business.

BCS will develop, acquire or license products both to participate in high growth markets and to assemble strategic product or service modules needed to intercept the emerging demand for large scale "custom" integrated systems.

BCS will create an environment to retain and develop its existing highly skilled professional and to attract and retain the additional human resources required to conceive and implement the systems of the future.

INPUT

STRATEGY COMMUNICATIONS

- Define Audiences
  - Internal
    - Boeing Management
    - Field Operations
    - Boeing Customers
    - BCS Administrative
    - Etc.
  - External
    - BCS Customers
    - Prospects
    - Competition
    - Press
    - Media
    - Etc.
- MAP "Vision"/Covert Strategy/Overt Strategy and Tactical Guidelines to Audiences

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ISSUES

- Who Do You Want to Compete Against?
- Software Products Should Be Strategic
  Primary Mission - Products for Targets
- Sales Issues
- What Is Needed in Boeing Markets

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STRATEGY MEASUREMENT

- Measure to Competitive Environment
  - Define and Select Level of Detail
  - Agree on Mechanism to Track Performance
- Develop Logic to "Pre-Test" Strategy
  - Is There a Competitive Niche
  - Is It Economically Justified
  - Does Boeing Have the Resources
  - Will People Buy from Boeing
  - Can Boeing Deliver at a Price Customer can Justify
  - Does It Fit the Boeing Culture

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DEVELOPMENT OF STRATEGY ELEMENTS AND STRUCTURES FOR BOEING COMPUTER SERVICES

September 5, 1985

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MARKET INTELLIGENCE OUTPUTS

- Intelligence Briefings
- Flash Reports
- Inquiry Service

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MARKET INTELLIGENCE PROCESS

- Scope Rescope BCS Markets
- Gather/Monitor BCS Specific Market Data
- Analyze BCS Specific Market Data
  - Tactical
  - Strategic
- Provide Outputs

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MARKET INTELLIGENCE
KEY FEATURES

- Structured Methodology
- Monitor BCS Specific Market Position
- Escalate Critical Factors
- Communicate Market Intelligence to Management
- Supports Rescoping/Strategic Measurement
- Periodic Intelligence Briefings

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MARKET INTELLIGENCE BENEFITS

- Increased Market Specific Awareness
- Eliminates Redundant Research
- Same or Reduced Cost
- Improved Ability to Anticipate Change

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STRATEGY MEASUREMENT
KEY FEATURES - EXECUTION

- BCS Specific Measurement
- Market Scope Model
- Strategic Logic Model

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STRATEGY MEASUREMENT BENEFITS - EXECUTION

- Measure Impact of the Strategy
- Discourage Non-Strategic Proposals
- Assess Change Against BCS Specific Market
- Support Strategy Communications

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STRATEGY MEASUREMENTS OPTIONS/TRADEOFFS

- Administrative Data
- Internal/External
- Macro Addressable Market

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MARKET INTELLIGENCE OPTIONS/TRADEOFFS

- Internal/External
- Basic versus Enhanced Plan
- Frequency of Monitoring/ Reporting
- Depth of Program

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MARKET INTELLIGENCE KEY ISSUES

- Fragmented versus Shared
- Conflicting Data
- Redundant
- Cost
- Not Specific to BCS

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MARKET INTELLIGENCE NEEDS

- Consistent Data
- BCS Specific
- Ability to Understand/Adjust
- Data for Measurement

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MARKET INTELLIGENCE
PROPOSED APPROACH

- Scope the BCS Specific Market
- Define Internal Data Needed
- Define Data Collection Procedures
- Identify/Select Other Data Sources
- Define the Users, and Uses
- Determine Frequency(s) of Feedback
- Determine Feedback Methods
- Create BCS Focal Point

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STRATEGIC MEASUREMENT PROPOSED APPROACH INVESTMENT

- Use Current Methods for Financial
- Adopt Structure for Logic
- Track to Execution Model
- Assess/Retest to Investment Model
- Communicate Investment Model Logic

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STRATEGIC MEASUREMENT INVESTMENT KEY FEATURES

- Simple Model
- Graphic Representation
- Relates to Planning Factors

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STRATEGY MEASUREMENT INVESTMENT - BENEFITS

- Increase Understanding
- Supports Strategic Purpose
- Allows Updating

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STRATEGY MEASUREMENTS
PROPOSED APPROACH - EXECUTION

- Establish Addressable Market
- Assess Competitive Environment
- Measure to Current Addressable Market
- Start with Current Data
- Develop Plan to Enhance Measurement Data
- Pre-Test and Re-Test Tactical Programs

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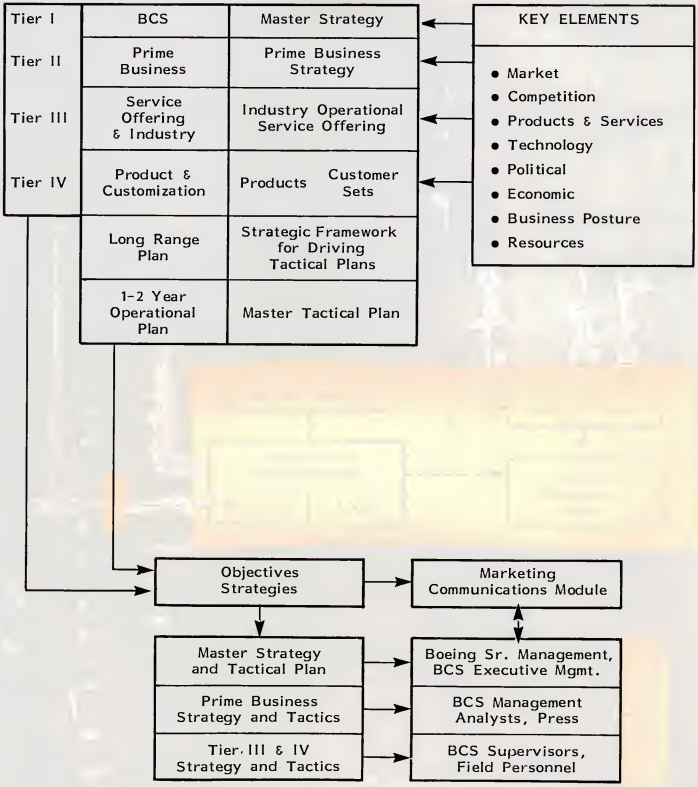
STRATEGIC/TACTICAL MODEL

Tier I	BCS	Master Strategy
Tier II	Prime Business	Prime Business Strategy
Tier III	Service Offering & Industry	Industry Operational Service Offering
Tier IV	Product & Customization	Products Customer Sets
	Long Range Plan	Strategic Framework for Driving Tactical Plans
	1-2 Year Operational Plan	Master Tactical Plan

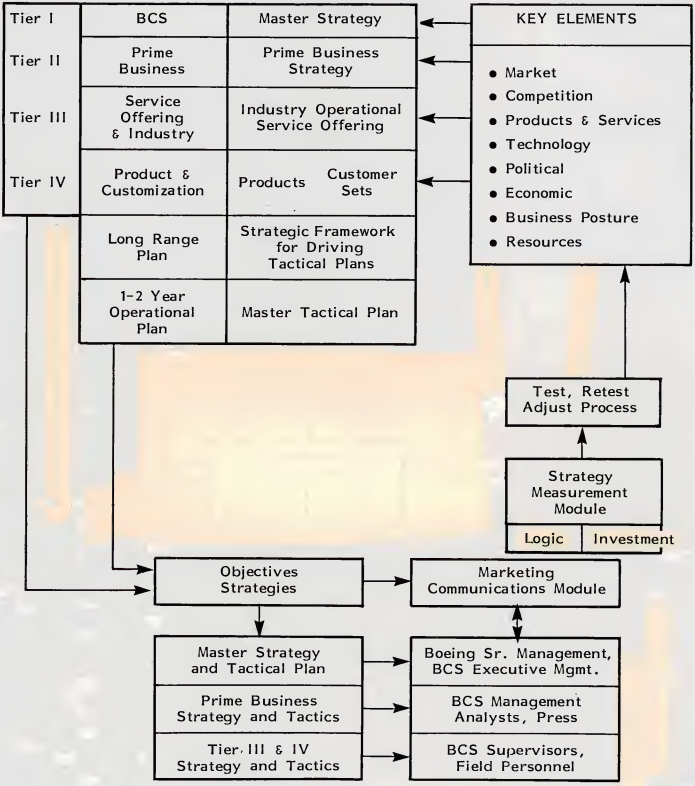
KEY ELEMENTS

- Market
- Competition
- Products & Services
- Technology
- Political
- Economic
- Business Posture
- Resources

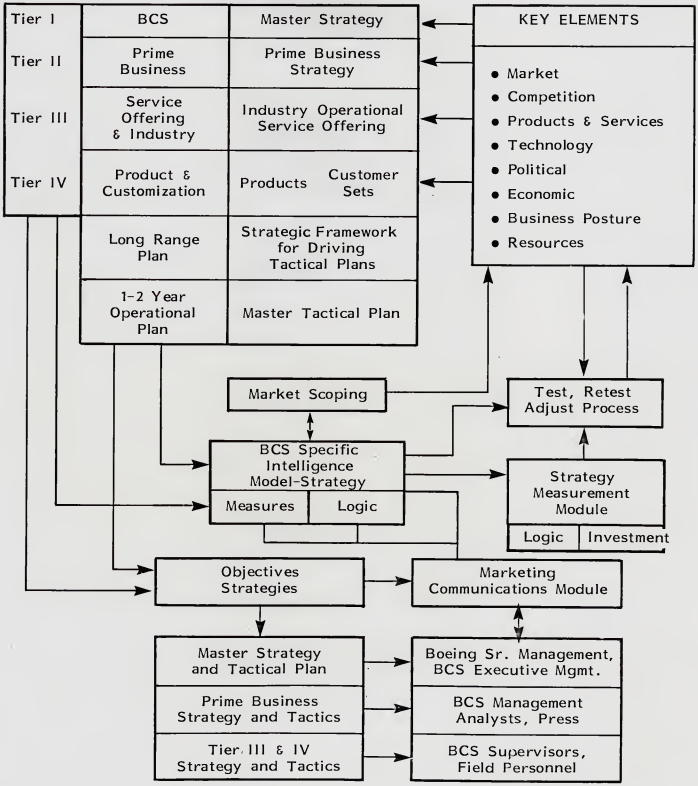
STRATEGIC/TACTICAL MODEL



STRATEGIC/TACTICAL MODEL



STRATEGIC/TACTICAL MODEL



STRATEGY MEASUREMENT INVESTMENT MODEL

TEST OR FACTOR	CRITERIA			LEVEL		
Strategic Logic	Fail	Pass	Real Fit	F	P	R
Compare Plan to External Data	Very High	On	Low	H	O	L
Experience in Svc. Mode/ Segment	Bad/ Weak	O.K.	Success	B	O	S
5 Year Revenue Potential	Low	Average	High	L	A	H
Years on Revenue in Next Five	3 Years	4 Years	5 Years	3	4	5
Target Account Size	Medium	Large	Very Large	M	L	V
Market Change from Prior Year	Major Change	No Change	Favorable Change	M	N	F
Product Solution	Simple	Average	Complex	S	A	C
Highest Strategy Satisfied	Suppor-ting	Prime	Master	S	P	M
Sold/Supported by Existing Field Profile	No	Maybe	Yes	N	M	Y
Decision Point	Cont. Develop.	Launch Cost	Life Cycle	C	L	LC
Required for Internal Customer	No	Maybe	Yes	N	M	Y
Required for Contin-ued Base Offering	No	Maybe	Yes	N	M	Y
Strategy Satisfied	Overt	Covert	Both	O	C	B

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STRATEGY COMMUNICATIONS APPROACH

- Develop Brief Written Vehicles
- Use More Graphics/Charts to Communicate Better
- Focus on the Critical Elements and the Need to Know
- Develop Detailed Management Vision to Support the Core Strategy

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STRATEGY COMMUNICATIONS APPROACH

- Strategy Tiers
  - Master
  - Industry
  - Prime
  - Service Offering
  - Product
  - Customer/Function
- Audience Definition
- Level to Communicate
- Communication Methodology

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STUDY OBJECTIVES

- Improve Ability to Communicate Strategy and Objectives
- Improve Understanding/Measurement of Investment Decisions
- Improved Use of Market Intelligence to Direct the Business
- Improve Ability to Respond to Market Shifts or Strategy Impacts

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STUDY MODULES

- Strategy Communication
- Performance Measurement
- Market Intelligence

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SCOPE

- Reviewed Strategy/Planning Activity, Service Offerings, Products, Methods, etc.
- Management Interviews
- Corporate Staff Interaction
- Module Development
- Presentation to Senior Management
- Intelligence System Proposal

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STUDY GUIDELINES

- Keep It Simple and Effective
- Improve Process – Not Replace
- Improve Use of Existing Resources
- Improve Use of Intelligence to Validate, Monitor & Revise Strategy
- Minimize Redundant Costs.

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PRESENTATION FRAMEWORK

- Introduction
- Key Issues
- BCS Requirements
- Proposed Approach
- Key Features
- Benefit from Proposed Approach
- Options
- Trade Offs

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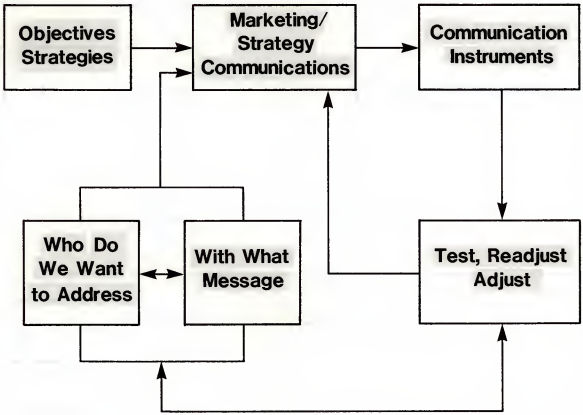
STRATEGY COMMUNICATIONS MODEL



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STRATEGY COMMUNICATIONS ISSUES

- Overt/Covert Strategies
- Core/Peripheral Strategies
- Traditional/New Business Strategies
- Need to Know/Audience Definition
- Management Vision/Image
- Communication Vehicles

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STRATEGY COMMUNICATIONS NEEDS

- Identify Critical Elements
- Structure/Guidelines
- Understand Risks/Concerns

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STRATEGY COMMUNICATIONS BENEFITS

- Discipline to Formulate and Execute Strategy Communications
- Internal Understanding Increases Performance
- External Understanding Increases Penetration
- Ability to Measure Results

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STRATEGY COMMUNICATIONS KEY FEATURES

- Structured Methodology
- Audience Definition/Position
- Graphic Representation
- Brevity
- Measurement

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STRATEGY COMMUNICATIONS OPTIONS/TRADE OFFS

- Scope of Effort
- External Support

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STRATEGY COMMUNICATIONS RISKS/CONCERNS

- Strategic Purpose
- Core Strategy
- Competitive Understanding
- Appearances/Perceptions

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STRATEGY COMMUNICATIONS RECOMMENDED APPROACH

- Methodology
- Audience
- Who, What, Why
- Communication Vehicles
- Concise Statements
- Intelligence Model
- Feedback
- Theme/Image

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STRATEGY MEASUREMENT ISSUES

- Investment/Execution
- Logic
- On-Going Measurement
- Impact Analysis
- Qualitative Measurement

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STRATEGIC MEASUREMENT NEEDS

- Investment
  - Market
  - Shifts
  - Trade Offs
- Execution
  - Competitive
  - Market
  - Results

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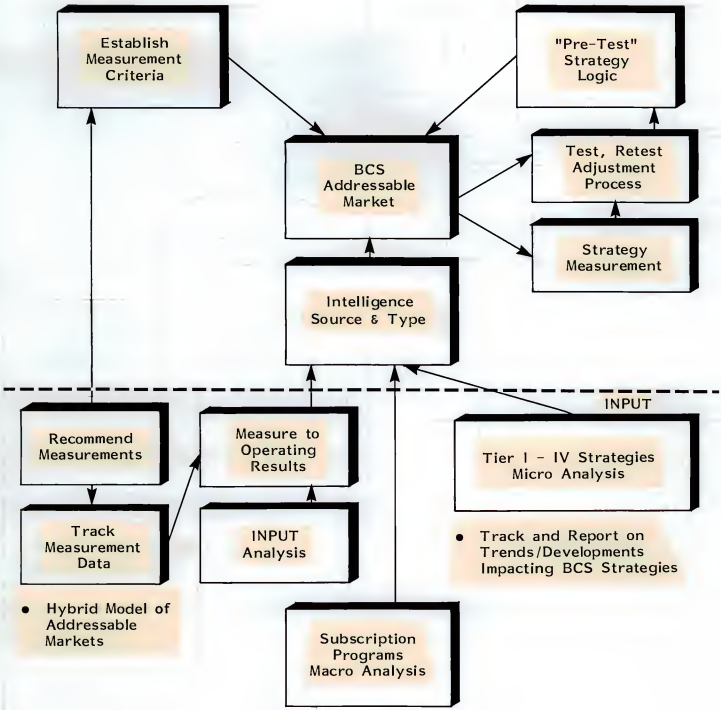
MARKET INTELLIGENCE MODEL



STRATEGY MEASUREMENT LOGIC MODEL

ACTIVITY/ISSUE	CRITERIA			SCALE		
Is there competitive niche	No	Somewhat	Yes	N	S	Y
Does it match a BCS strategy - which level	Tier IV	Tier III	Tier II	IV	III	II
What is the fit with current operating plan	None	Secondary	Primary	N	S	P
What is the realistic 2 year revenue potential	Low	Average	High	L	A	H
Is it economically justified	No	Somewhat	Yes	N	S	Y
Will people buy from BCS	No	Maybe	Yes	N	M	Y
Can Boeing deliver at price needed	No	Maybe	Yes	N	M	Y
Can existing sales force sell	Heavy Support	Heavy Training	Support & Training	1	2	3
Can existing support staff support	No	Some Training	No Training	1	2	3
Are most prospects within geographical	No	Some	Many	N	S	M
Can it be sold to most installed base	No	Some	Many	N	S	M
Would the market percieve it as a BCS product/ service	No	Somewhat	Yes	N	S	Y
Would the internal customer buy the product	No	Maybe	Yes	N	M	Y

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